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RECEIVED

OCT 2 6 1995

Mr. William F. Caton, Acting Secretary Federal Communications Commission 1919 M Street, N.W., Room 222 Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION OFFICE OF SECRETARY

Re: CC Docket No. 94-54

Interconnection and Resale Obligations Pertaining to

Commercial Mobile Radio Services

EX PARTE NOTICE

Dear Mr. Caton:

October 26, 1995

Transmitted herewith, on behalf of Rural Cellular Corporation, and in accordance with Section 1.1206 of the Rules and Regulations of the Federal Communications Commission, are two copies of written materials delivered to Jeff Steinberg, a senior attorney in the Wireless Telecommunications Bureau's Policy Division.

Should you have any questions or require any additional information, please feel free to contact the undersigned.

Very truly yours,

Michael R. Bennet

Michael A Bank

Enclosure

cc: Jeff Steinberg

No. of Copies rec'd

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e-mail: cbennet@counsel.com

October 26, 1995

Jeffrey Steinberg, Esq.
Senior Attorney
Policy Division
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 5202
Washington, D.C. 20554

Dear Jeff:

Following up on our meeting with Rick Ekstrand of Rural Cellular Corporation (RCC) on October 17, 1995, and your subsequent request to us, enclosed are some marketing materials related to RCC's resale of paging service. Should you have any questions, please do not hesitate to call.

Sincerely,

Michael R. Bennet

Enclosure

AMERICAN PAGING RESELLING

1. BACKGROUND

Rural Cellular Corporation, RCC, operates cellular and 158.10 MG paging systems in northern Minnesota and eastern North Dakota. Rural Cellular Corporation provides cellular service, dba Cellular 2000, in Minnesota's RSA's 1,2,3,5, and 6. The Cellular 2000 brand is familiar and widely recognized in this operating area. Rural Cellular Corporation provides paging services, dba KEYPAGE, in largely the same areas as its cellular operation and the Duluth, Fargo, and Grand Forks MSA's.

American Paging, an affiliate of Telephone and Data Systems (TDS) owns a regional license to provide 900 MG paging services in Minnesota, Fargo, and Grand Forks. American Paging currently provides paging and voicemail services to Minneapolis, Rochester, St. Cloud, Fargo, Duluth, and approximately half of the rural areas between these metropolitan statistical areas with plans to expand coverage in the rural Minnesota market place. American Paging has a need to cost effectively distribute products and services and expand its network.

2. DISTRIBUTION

Rural Cellular Corporation distributes products and services through an extensive Agent Network. The Agent Network is managed by a team of 10 Territory Managers and 1 General Sales Manager. Rural Cellular Corporation currently has approximately 100 Agents.

Rural Cellular Corporation clearly defines expectations for its Agents regarding sales performance, customer service, product offering/pricing, and retail presence. Rural Cellular Corporation manages the quality and consistently of this program through an extensive "Agent Certification" process.

3. MARKETING

Rural Cellular Corporation develops and deploys a comprehensive marketing strategy designed to support the performance goals for each fiscal year. The marketing plan has been successful and is generally quite innovative. The mission of the marketing plan is to position Rural Cellular Corporation's wireless brands as value added providers.

A. Positioning

Rural Cellular Corporation positions the 900 MG paging network as a Cellular 2000 service offering under the KEYPAGE brand. The customer coverage and data speed requirements would determine which KEYPAGE service Rural Cellular Corporation's Agent wold recommend and sell to the prospect.

B. Pricing

"See Brochure"

C. Packaging

Rural Cellular Corporation develops incentive packages to cellular subscribers to acquire a KEYPAGE service. Rural Cellular Corporation invoices customers for both cellular and paging services on a single monthly statement.

D. Market Forces

The most important component of any paging service is its ability and the synergy with out cellular business product differentiation and incremental revenue for our cellular business.

4. CUSTOMER SERVICE CENTER

Rural Cellular Corporation maintains a highly trained and full service Customer Service Center available 24 hours a day, seven days per week.

The Customer Service Center currently processes orders in less than one hour and is developing a "Telephone Order" program which will reduce this order fulfillment time.

5. NETWORK

Rural Cellular Corporation's transmission network is composed of 55 cellsites and 22 paging sites. We are currently in the process of deploying a microwave transmission facility which is targeted for completion in January of 1996.

Rural Cellular Corporation uses a full featured Glenayre MVP voicemail system for both cellular and paging customers. Our paging terminal is a GL 3000M with the latest software revision.

It is possible that our alliance could include access to Rural Cellular Corporation's tower sites, network transmission facility, and MVP voicemail system.

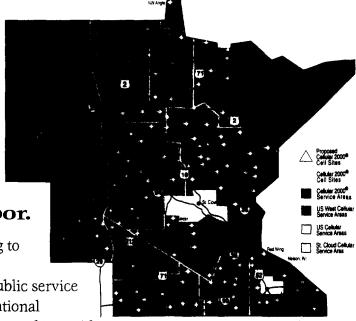
6. SUMMARY

This situation presents a unique opportunity. By combining the strength of American Paging's 900 MG paging network and the strength of Rural Cellular Corporation's Cellular Network, Cellular 2000 brand, and operational infrastructure, a synergy will result to bring incremental value and a significant benefit to both of our companies.

A Local Company.

Rural Cellular Corporation — Cellular 2000°'s parent company — was created in 1990 by 40 rural Minnesota telephone companies. Today, Cellular 2000°'s network covers 71 counties, providing the largest cellular service area in Minnesota.

- ◆ Locally owned and operated; a Minnesota corporation
- ◆ Operates over 100 cell sites throughout greater Minnesota, with more on the way





We believe in contributing to the well-being of the communities we serve. Public service efforts have brought us national recognition and close partnerships with our customers.



- ◆ Joint project with the Minnesota Department of Emergency Management to provide mobile crisis communication to local public safety agencies
- ◆ "Call to Help," endorsed by the Minnesota Chiefs of Police and Sheriffs associations, educates customers on how to use cellular to assist their neighbors
- ◆ Sponsorship of hundreds of local events each year

The Minnesota Advantage.

With Cellular 2000, you receive a special advantage — the Minnesota Advantage. The Minnesota Advantage ensures you receive easy-to-enjoy benefits Molike reduced airtime rates, automatic call delivery, and no long distance charges when delivering calls to you within the Minnesota Advantage areas

- all just for being a Cellular 2000°

cial Grand
e.

Fargo
Moorhead

Duluth

Mpls./St. Paul

customer. But the value doesn't end there. You also get call forwarding, call waiting, three-way conference calling, and 800# access to Message Manager — all made easier without the cumbersome access dialing.



How The Minnesota Advantage Works.

Cellular 2000°'s Minnesota Advantage links the communities of St. Cloud, Minneapolis/St. Paul, Rochester, Duluth, Superior, Hibbing, Two Harbors, Fargo, Wahpeton, Grand Forks, and Crookston, so you get seamless coverage and calling advantages that make Cellular 2000° service a real value.

Real Customer Service.

We're dedicated to providing our customers with outstanding service — a commitment that is supported by...

- ◆ a team of local customer service professionals providing 24-hour customer support
- ◆ over 100 Cellular 2000° certified agents who are local business people trained to serve your needs
- staff network technicians and engineering personnel

Our entire team is here to answer your questions and deliver services that meet your communication needs.

A Key To Communication.

KEYPAGE™ and KEYPAGE™Plus paging services are available in Minnesota, Eastern North Dakota, and Western Wisconsin. Paging provides a convenient and cost-effective complement to your cellular service — a great way to enhance your personal communication service.

Real Value.

Cellular 2000° Value-Added Features	Benefit to You
◆ 24-Hour Customer Service	We're here when you need us - anytime.
◆ The Minnesota Advantage	You get automatic call delivery at reduced rates, and other important features while you roam in such cities as St. Cloud, Minneapolis/St. Paul, Duluth, and Fargo.
♦ Message Manager	You'll never miss a call! Plus, there's no charge for Message Manager access within the Cellular 2000® service area.
◆ 30-second billing increments (1 minute minimum)	Cost savings – an average of 10 percent compared to traditional billing.
♦ Off-peak rates	Lower airtime rates evenings, weekends, and holidays.
◆ Extended Local Calling	All calls placed from anywhere within the Cellular 2000® network to your home rural service area do not incur long distance charges.
♦ Wide Area Calling	All calls placed from anywhere within the Cellular 2000® network to anywhere in the United States do not incur long distance charges.
♦ Mobile Direct	Special rate for calls completed between Cellular 2000° phones on the Cellular 2000° network.
◆ Service Plan Flexibility	Plans are designed to automatically adapt to your changing needs by allowing the per-minute rate to be determined by total number of minutes used per phone in a monthly billing period, and you are billed at the most favorable rate.
◆ Personal 800# assigned to each customer	Callers within Minnesota and Eastern North Dakota can reach you at no charge.
♦ No charge for 911 calls	Report an emergency or accident at no charge.
◆ No charge for incomplete calls	No charge if your call is not completed.

Welcome To The New World.

YOUR PERSONAL COMMUNICATION SERVICE



Let



Satisfy

Your

"Need

To Know."

KEYPAGE™ plus is a service of Rural Cellular Corporation.

Information services are the wave of the future. KEYPAGE™ plus offers you an easy, convenient and low cost way to receive continually updated information on your alphanumeric pager ... with NEWSMASTER.

NEWSMASTER gives you information from eight categories - listed below. Each story is updated as new information breaks, but you are never interrupted by an alert. The information stays in your pager's mailbox until it is convenient for you to review it.

Top Headlines of the Day

Capsule headlines of the day's events are sent as they happen but not more than once per hour. These consist of stories you would read on the front page of the newspaper.

Top Story

In depth details of the top story of the day go out to pagers as new information arrives.

Wall Street Information

Common interest financial indices and market indicators are updated throughout the day. Market indicators include Dow Jones Averages, current gold prices, U.S. dollar conversion rates, T-bill rates and the NYSE five most active stocks.

Sports Headlines

Big sports fan? Play "Monday Morning Quarterback" every evening! News of trades, league standings, and scoring summaries come occasionally throughout the day and as final game summaries.

Entertainment

Arts, music and entertainment information — just for the fun of it — is sent six times daily.

Metropolitan Weather Reports

Weather reports for the top 22 metropolitan areas in the United States come out twice each day: today's weather in the morning and tomorrow's forecasts in the evening. Severe weather alerts are also sent when they occur.

Fun and Games

These occasional feeds offer trivia tests, games, and fun features.

Taste of Today

Special features offer practical information and unusual timely information.

Let KEYPAGE™ plus satisfy your need to know. Sign up for NEWSMASTER today!



NUMERIC PAGING Standard Features

- Personal 800#
- Custom Prompt
- Uses alkaline AA battery
- Low battery indicator
- Audible or vibration alert
- Backlit display for low-light visibility
- Message counter
- Unread message reminder
- Numeric message display
- 16-message capacity
- Message time stamping

Optional Features

- Message Manager \$4.00/mo. Other models available
- Numeric Mail \$2.00/mo.
- Group Page -\$2.00/mo.



Featured Model

Motorola Bravo Plus

Standard Service Pricing: \$16.00

(does not include equipment)

*Monthly Service fee includes first 300 page attempts. Each additional page attempt will be billed at 10 cents.

ALPHANUMERK PAGING



Standard Features

- Personal 800#
- Custom Prompt
- Uses alkaline AAA battery
- Low battery indicator
- Audible or vibration alert
- Backlit display for low-light visibility
- Message counter
- Unread message reminder
- Message display with numbers and letters
- Four-line, easy-to-read display
- 6400 character memory
- Date, time, and appointment reminder
- Alphanumeric entry completed with personal computer and paging software or page entry device

Optional Features

- Message Manager \$4.00/mo.
- Numeric Mail \$2.00/mo.
- Group Page \$2.00/mo.
- Newsmaster \$3.00/mo. (Note: Newsmaster updates do not count as page attempts.)



Featured Model

Motorola Advisor Other models available

Standard Service Pricing: \$21.00

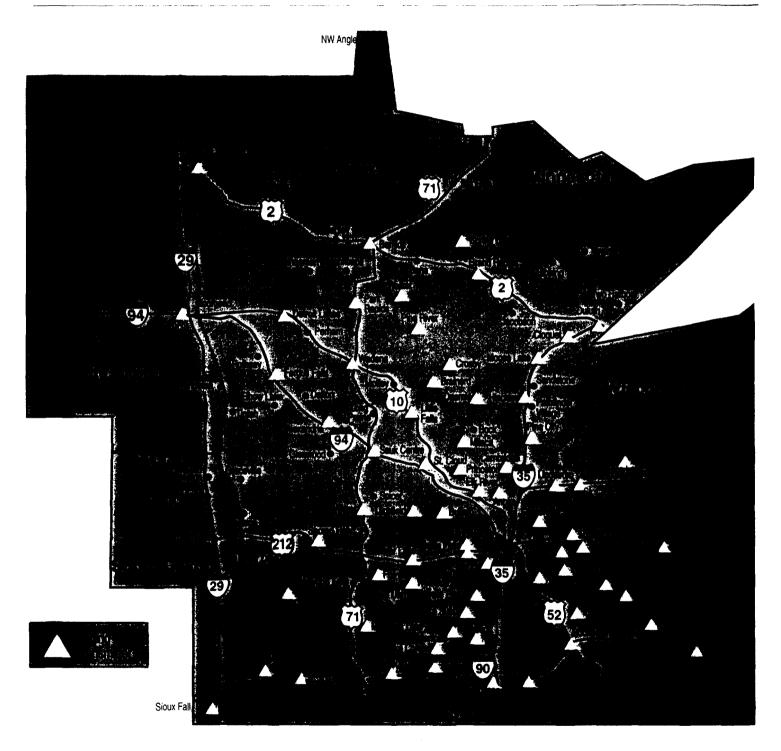
(does not include equipment)

*Monthly Service fee includes first 300 page attempts. Each additional page attempt will be billed at 20 cents.

800-450-TALK



SERVICE AREA

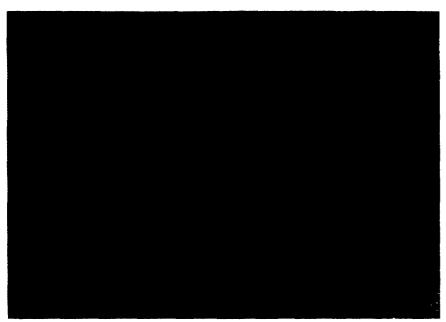


For more information, call:

800-450-TALK



The Land of 10,000 Lakes and 'One' Cellular Service



The lakes are quiet in spring, but come summer they'll provide a playground for thousands of Midwesterners. Instead of subscribing to wire-based services for just a couple of months, many Minnesota residents will be able to use their "home" cellular service no matter where they travel throughout the state. And local carriers will still get the revenues.

By Mary Walter Managing Editor

t's a smooth ride north on Highway 371 between Little Falls and Brainerd, but by the weekend this stretch of Minnesota will look more like Chicago as thousands of families head to lake country for the summer months.

Along with the power boats, fishing rods and bug spray, many this year will take along the cellular phones—and the same cellular phone numbers—they use in Minneapolis, Rochester or Duluth. Soon they'll be able to use their cellular phone numbers across the entire state of Minnesota, thanks to an unprecedented effort by dozens of local telephone companies to interconnect 11 rural service areas (RSAs) with six MSAs and make statewide cellular commercially viable.

Across the U.S. many smaller Independent telcos with RSA interests prefer limited arrangements with larger cellular companies, such as a GTE Mobilnet or a Centel Cellular, which can more easily assume responsibility for constructing, maintaining and operating a rural cellular network. In some cases the larger and more experienced cellular provider can link up adjoining RSAs to provide seamless coverage across portions of a state.

Minnesota's a bit different. Over a six-year period more than

60 local telcos formed general partnerships and instituted their own service under the trademarked name "Cellular 2000" in 10 of the 11 Minnesota RSAs. It's because of the foresight and tremendous cooperation among these telcos that customers can use their Cellular 2000 service almost anywhere in the state and not have to worry about interruption or incompatibility.

The coverage and the types of services offered would not have been possible through individual telco efforts. Customers receive toll-free calling within a "home" RSA as well as mobile 800 service, voice mail and custom calling features such as call forwarding and three-way calling.

DIFFERENT AGENDAS— ONE GOAL

Call Rick Ekstrand and you won't know whether he's driving home near west-central Alexandria or if he's entering the parking lot of the Brainerd district sales office. Ekstrand, president of Rural Cellular Corp. (RCC), an Independent telco-owned entity that will manage five of the 10 partnerships providing service under the Cellular 2000

name, remembers murmurings among the telco community when rural cellular was just a glint in the FCC's eye.

"When we started, there were about 95 telephone companies in the state that wanted to take advantage of the cellular opportunity," he says. "Companies went into it with a lot of different agendas. Some defensively, saying 'If there is going to be a competitor to our landline service, our embedded plant and our investment, then we want to defend against an obvious competitor and be part of it.' The other possibility was for growing their businesses. People didn't think it was going to be a situation of voice only. The vertical services such as voice mail, data, fax and the possibility of providing long distance services were all possibilities—as well as it being flat out a replacement for wire-based residential services."

The evolution of Minnesota cellular typifies the teamwork regularly seen among the 90-odd telephone companies in the state. It started in 1986, when certain carriers commenting on the FCC's RSA rulemaking wondered at how cellular would impact public telecommunications throughout Minnesota.

"To make sure the entire telephone industry had the same opportunity, we went through the Minnesota Telephone Association," recalls Ekstrand. "We convened an industry-wide meeting to explain what we knew about what was going on—

which to be honest, was not very much, because the rules weren't even done."

While the policymakers in Washington grappled with boundary and lottery considerations, a 10-member cellular committee was formed though MTA, and the telcos that were eligible to operate in the various RSAs started shuffling into partnerships that would eventually own the licenses.

The group left the realm of the MTA and started channeling information and submitting recommendations to the telco partners in the 10 RSAs. "I think that's a fundamental reason why Minnesota is successful," says Ekstrand. "The bulk of the companies gave a lot of trust and confidence and encouragement to a few people to make it happen. And that handful of people didn't betray that trust or confidence, didn't act in a self-serving manner, and didn't put themselves or the companies in a position of unfairness."

The 10 partnerships (an eleventh RSA northeast of Duluth is operated by US West) have Independent origins. Every company became an equal partner, whether that carrier served one subscriber or 10,000. The filings were written on a bulk basis and driven to Washington, D.C., in the fall of 1988.

"We made every effort to include every telephone company in the state that had a right to file on the B side of the radio spectrum," he says. From US West to TDS to Paul Bunyan Cooperative, whether publicly or privately held, "we've probably got them as a partner now."

Ekstrand leans forward. "We even went so far as to make personal visits to telephone companies," he emphasizes. "If they didn't think they were going to file, we went out to them and encouraged them to become part of the deal. We wanted them to make sure that they understood that opportunity and if they chose to ignore that opportunity they could do so, but that once the opportunity passed they could not get back in at a reasonable rate. We really bent over backward, like no other state I know."

From that point, everything was planned in a communal fashion. "We knew none of the RSAs were large enough to be economically effective and efficient by themselves. So we felt our best chance of being profiable early on and providing a good grade of service was to do things in as common a way as we could."

One basic concept was paramount. "We thought that customers, as they move throughout Minnesota, should be able to make and receive calls easily and at a price that was not going to be a huge surprise. So we decided it would be important to market under the same name statewide, across all the 10 markets." Cellular 2000 was adopted as that name.

NorthWest Cellular of Tomah, Wis., (now part of Pacific Telecom) was given a five-year contract to initially construct and manage the network. NW Cellular provides corporate management, engineering, construction, marketing, sales and billing functions for all Minnesota RSA partnerships. In February 1993, similar functions will be taken over by RCC in just over half those markets.

ONE VERY IMPORTANT SWITCH

The new Cellular 2000 network would consist of numerous cell sites across the state, connected via DS1 and DS3 facilities

provided by Minnesota Equal Access Network Services (MEANS) to a Northern Telecom DMS-MTXD switch in Osseo, northwest of the Twin Cities.

"We were going through the discussions on where to stick the switch, and Kent Kelly [of United Telephone System] says, 'Why don't I talk to the people in Kansas City and see if we can be a landlord for Switch 2000, and you can put it in a building we have in Osseo? We have a central office that's got more space than is necessary for United's use. It has standby power, it has batteries, it's secure and it's got all the telephone company security provisions.' So they're our landlord—and they're also one of our owners," says Ekstrand.

This one MTSO currently serves about 7000 subscribers and in this configuration can accommodate roughly 50,000 busy hour call attempts, according to Northern sources. The switch is owned by the 10 RSA partnerships in a corporation called Switch 2000.

The DMS-MTXD can be upgraded to a high-capacity SuperNode that would handle up to 170,000 busy-hour call attempts. It's also relatively simple, according to Northern, to upgrade the intelligent cellular peripheral and various software and speech processors should the RSAs evolve to digital TDMA technology.

While it may be argued that the one-switch configuration forces Minnesota cellular traffic into one basket, backhauling the cell sites to the DMS-MTXD allows Switch 2000 to remotely manage and monitor all cell sites from Osseo. It also facilitates handoff between cell sites, making it virtually transparent to the user, according to Rick Garner of Pacific Telecom Cellular, parent of NW Cellular. He points out that several Wisconsin RSAs are designing the same type of network configuration.

It looks like the partners will be confronted with the decision on whether to place additional MTSOs only when traffic volumes make a multi-switch network affordable. Until then, cellular users are reluctant to pay higher rates to cost-justify a second switch for backup, says Ekstrand.

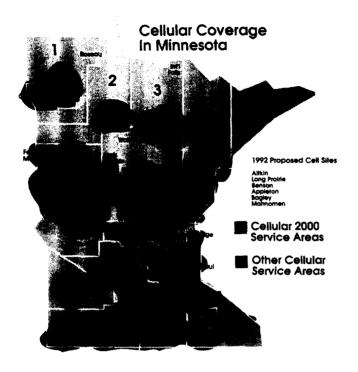
MEANWHILE...

Several activities were taking place at once. For example, while the switch was being procured, decisions were being made on where to place cell sites (see map), according to population densities, highway traffic volumes and the like. And while that was going on, a consolidation committee was determining how to combine all the partnerships into one corporation.

"Some liked the idea of merging, some didn't," says Ekstrand. When the votes were taken, RSAs 1, 2, 3, 5 and 6 consolidated into RCC. The others chose to remain separate Cellular 2000 partnerships; however, merger talks with RCC and RSA 11 are now being finalized.

The differences are mainly legalese. "It's critical that to the customers it's still Cellular 2000. They still make and receive calls the same way, they get their bills under Cellular 2000. It's transparent to the customer—as it should be," he points out.

Roughly 30 people are being hired for an office in Alexandria where RCC's customer service, engineering and technical support, and management will be headquartered. RCC will take over the Brainerd sales office in February, and throughout 1992 is gradually assuming various roles from NorthWest for the five—possibly



six—RSA partnerships that merged into RCC.

LOOKS LIKE ONE NETWORK

Since 1989 the RSAs have come on-line in a piecemeal fashion. Thirty initial cell sites provided service to the largest communities and highways with heaviest traffic. Eight more sites were added during the latter half of 1991, and 15 sites are coming up during 1992. Most towers range from 380 ft. to 480 ft. to cover the geographically huge rural territories.

The latest stitch in the quilt is to link these rural markets with the various MSAs (see map). Interconnection requires a standard CTIA-modeled roamer pact between the markets and a network agreement that permits full call delivery from one market to another, feature transparency and billing arrangements. More importantly, it requires a compatible software level and at least a DS1 channel between an MSA switch and the Osseo MTSO, according to Robert Eddy, chairman of Cellular Mobile Systems, partnership for the St. Cloud market.

This arrangement lets a subscriber place his or her phone on "roam," negating the requirement for callers to input a roamer access code. The network looks to that subscriber's home system to keep his custom calling features active as he drives around the state. Billing is also handed off from one market to another, sorting through the various rates and minutes of use.

"Basically, it acts like one system to the subscriber," says Eddy.



RCC President Rick
Ekstrand at the Brainerd
cell site: 'We know what
the competition is. We
had to attract good
customers that were
willing to pay
a higher price.'

BOOSTING RURAL ECONOMIES

The social and economic impacts of statewide cellular are countless. Businesses can expand their reach throughout rural areas because their employees become more mobile, says Ekstrand.

"I've got a guy out in Alexandria who's a locksmith. And he operates out of his pickup. In the past he had to pay for an answering service to take his calls, He wasn't large enough to justify a secretary or office help.

"He got a cellular phone from us right away. And as our cellular sites grow, the footprint for his business grows. Even if his cellular bill runs a couple of hundred dollars a month, it's cheap, because he gets to grow his business and he's not constrained by the confinements of an office. It's a great example of the many other applications of where a business can grow because the [geographical] limitations are taken away."

But the effectiveness of rural cellular is not only for the business person; indeed, rural residents receive services they wouldn't have otherwise. "You have a locksmith that you couldn't have obtained prior to that technology being in place. You can have 10 washer and dryer repair people where you might have had only two or three in your area before. All because they can make and receive calls from you.

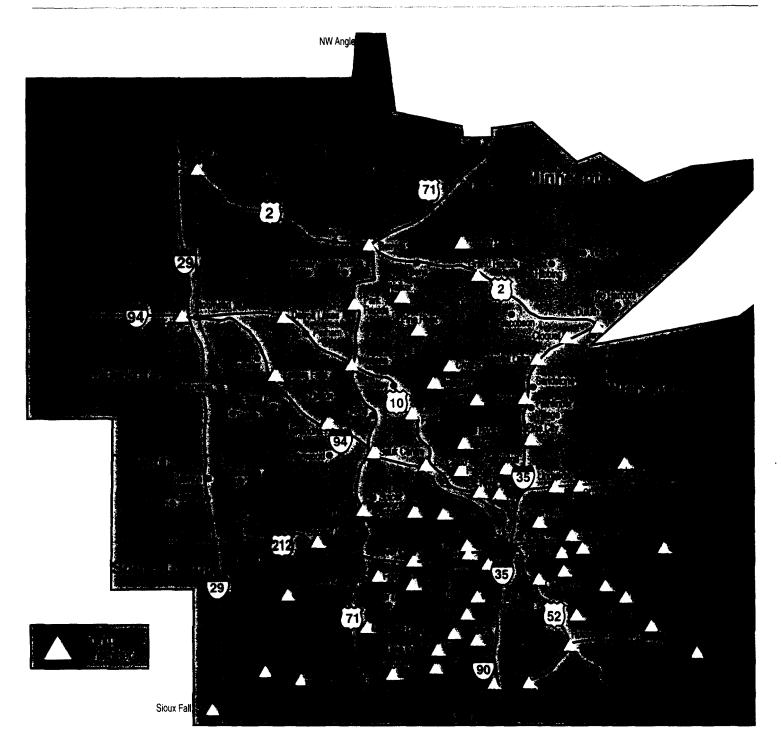
"We're not the low-end provider. If the customers need a lowprice service without the 800 number and with limited coverage, they can call the non-wireline carrier. If they want voice mail and huge network accessibility, then we're the ones to seek out."

It may have started out as a defensive stance against local competition, but the Cellular 2000 story has evolved into a driving force for boosting the quality of life in rural areas. And that seems to be the mission of the telephone company partners that have made sure wireless technology is available to all.

"We had a concept of what we wanted to be, of what we were as companies and what we wanted to be for our customers," says Ekstrand. "And that was the foundation for what we've done."



SERVICE AREA



For more information, call:

800-450-TALK